

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov



June 30, 2023

Nick Zornes, Director
Development Services Department
City of Los Altos
1 North San Antonio Road
Los Altos, California, 94022-3087

Dear Nick Zornes:

RE: City of Los Altos' 6th Cycle (2023-2031) Adopted Housing Element

Thank you for submitting the City of Los Altos' (City) housing element that was adopted January 24, 2023 and received for review on May 2, 2023. Pursuant to Government Code section 65585, subdivision (h), the California Department of Housing and Community Development (HCD) is reporting the results of its review.

The adopted housing element addresses most statutory requirements described in HCD's March 30, 2023 review; however, additional revisions are necessary to substantially comply with State Housing Element Law (Gov. Code, § 65580 et seq), as follows

1. *An inventory of land suitable and available for residential development, including vacant sites and sites having realistic and demonstrated potential for redevelopment during the planning period to meet the locality's housing need for a designated income level, and an analysis of the relationship of zoning and public facilities and services to these sites. (Gov. Code, § 65583, subd. (a)(3).)*

Identify actions that will be taken to make sites available during the planning period with appropriate zoning and development standards and with services and facilities to accommodate that portion of the city's or county's share of the regional housing need for each income level.... (Gov. Code, § 65583, subd. (c)(1).)

Suitability of Nonvacant Sites: While the revised element relates some trends (i.e., improvement to land value and building age) to the sites inventory, the element should be revised, as follows:

- *Indicators of Redevelopment Potential:* Currently, the element utilizes two indicators of redevelopment potential: improvement to land value ratio and

age of building structure. However, the element should at least utilize an additional indicator to demonstrate the potential for redevelopment. Examples include existing versus allowable floor area, lack of improvements or structural condition, significant vacancy and frequent turnover of uses. Further, trends and assumptions utilized do not appear to match, including values in the sites inventory. For example, generally, trends for improvement to land value ratio are under a ratio of 0.6, yet a ratio of 1.0 is used and several properties appear to exceed a ratio of 1.0. The element should either explain these differences or remove sites, as appropriate. Finally, this analysis should apply to all sites being utilized toward the regional housing needs allocation (RHNA), including the RHNA for moderate and above moderate-income households.

- *Expressed Interest in Redevelopment:* The element indicates several properties have expressed interest in residential redevelopment from property owners or potential developers. To better demonstrate the potential for redevelopment and the magnitude of interest, the element could denote the properties with expressed interest in redevelopment.
- *Extent Existing Uses Impede Additional Development:* The element must analyze the extent that existing uses may impede additional residential development. For example, the element includes sites identified with a general description of existing uses but could further clarify the potential for redevelopment such as significant underutilization, current market demand for the existing use, absence of existing leases, contracts or conditions that would perpetuate the existing use and expressed interest in redevelopment.

In addition, for your information, the element relies on nonvacant sites to accommodate 50 percent or more of the housing needs for lower-income households, which triggers requirements to make findings based on substantial evidence that the existing use is not an impediment and will likely discontinue in the planning period. While the resolution of adoption includes the appropriate findings, any changes to the analysis should be reflected in future re-adoption of the element.

Electronic Sites Inventory: For your information, pursuant to Government Code section 65583.3, the City must submit an electronic sites inventory with its adopted housing element. The City must utilize standards, forms, and definitions adopted by HCD. Please see HCD's housing element webpage at <https://www.hcd.ca.gov/planning-and-communitydevelopment/housing-elements> for a copy of the form and instructions. The City can reach out to HCD at sitesinventory@hcd.ca.gov for technical assistance.

Programs: As noted above, the element does not include a complete site analysis; therefore, the adequacy of sites and zoning were not established. Based on the results of a complete sites inventory and analysis, the City may

need to add or revise programs to address a shortfall of sites or zoning available to encourage a variety of housing types.

2. *Promote and affirmatively further fair housing opportunities and promote housing throughout the community or communities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, color, familial status, or disability, and other characteristics...* (Gov. Code, § 65583, subd. (c)(5).)

The City is entirely the highest resource category in access to opportunity, wholly a concentrated area of affluence and consists of households with the highest median income category. These conditions and circumstances warrant significant and robust actions (not limited to the RHNA) to promote housing mobility and increasing housing choices and affordability throughout and beyond the City, including in lower-density neighborhoods. While the element includes some programs to promote housing mobility, these actions are largely limited to the RHNA and the element should consider additional actions that are significant and meaningful. Examples include creating more housing choices and affordability in single-family neighborhoods beyond complying with law (e.g., SB 9, accessory dwelling units), targeting funding, homesharing, more than one junior accessory dwelling unit per single family structure, enhancing capacity, affordability and housing choices on religious institutional sites beyond the RHNA and other alternative land use strategies. HCD will send sample programs under separate cover.

The element will meet the statutory requirements of State Housing Element Law once it has been revised and re-adopted, if necessary, to comply with the above requirements.

For your information, pursuant to Assembly Bill 1398 (Chapter 358, Statutes of 2021), as the City did not adopt a compliant housing element within 120 days of the statutory deadline (January 31, 2023), Programs to make prior identified sites available and accommodate a shortfall of adequate sites to accommodate the RHNA must be completed no later than one year from the statutory deadline. Please be aware, if the City does not adopt a substantially compliant housing element within one year from the statutory deadline, the element cannot be found in substantial compliance until all necessary rezones are completed.

Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. During the housing element revision process, the City must continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available while considering and incorporating comments where appropriate. Please be aware, any revisions to the element must be posted on the local government's website and to email a link to all individuals and organizations that have previously requested notices relating to the local government's housing element at least seven days before submitting to HCD.

Several federal, state, and regional funding programs consider housing element compliance as an eligibility or ranking criteria. For example, the CalTrans Senate Bill (SB) 1 Sustainable Communities grant; the Strategic Growth Council and HCD's Affordable Housing and Sustainable Communities programs; and HCD's Permanent Local Housing Allocation consider housing element compliance and/or annual reporting requirements pursuant to Government Code section 65400. With a compliant housing element, the City will meet housing element requirements for these and other funding sources.

HCD appreciates the dedication and cooperation from yourself and the rest of the housing element team. We are committed to assisting the City in addressing all statutory requirements of State Housing Element Law. If you have any questions or need additional technical assistance, please contact Anthony Errichetto, of our staff, at Anthony.errichetto@hcd.ca.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul McDougall", with a stylized flourish at the end.

Paul McDougall
Senior Program Manager